

AMENDED IN SENATE APRIL 6, 2006

SENATE BILL

No. 1374

Introduced by Senator Cedillo

February 21, 2006

An act to amend Section 19551.1 of, ~~and to add Section 19551.2 to,~~
the Revenue and Taxation Code, relating to tax administration.

LEGISLATIVE COUNSEL'S DIGEST

SB 1374, as amended, Cedillo. Tax administration: taxpayer information: disclosure.

Existing law authorizes the Franchise Tax Board, until December 31, 2008, to disclose to tax officials of any city, subject to certain specified requirements, a taxpayer's name, address, social security or taxpayer identification number, and business activity code, as provided, but limits the use of that information to employees of the taxing authority of a city.

This bill would delete the repeal date, thereby allowing tax officials of any city to obtain certain taxpayer information from the Franchise Tax Board indefinitely.

~~This bill would also authorize the Employment Development Department, under a reciprocal agreement with a city, to furnish tax information, as provided, to the tax officials of the city, subject to certain requirements, and would make any unauthorized disclosure or willful browsing of the information received by the city from the Employment Development Department a misdemeanor, as provided. By expanding the scope of the crime, this bill would impose a state-mandated local program.~~

By deleting the repeal date of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19551.1 of the Revenue and Taxation
2 Code is amended to read:
3 19551.1. (a) The Franchise Tax Board may permit the tax
4 officials of any city to obtain tax information pursuant to
5 subdivision (a) of Section 19551.
6 (b) The information furnished to tax officials of a city under
7 this section shall be limited as follows:
8 (1) When requested pursuant to a written agreement, the
9 taxing authority of a city may be granted tax information only
10 with respect to taxpayers with an address as reflected on the
11 Franchise Tax Board's records within the jurisdictional
12 boundaries of the city who report income from a trade or
13 business to the Franchise Tax Board.
14 (2) The tax information that may be provided by the Franchise
15 Tax Board to a city is limited to a taxpayer's name, address,
16 social security or taxpayer identification number, and business
17 activity code.
18 (3) Tax information provided to the taxing authority of a city
19 may not be furnished to, or used by, any person other than an
20 employee of that taxing authority.
21 (4) Section 19542 applies to this section.
22 (5) Section 19542.1 applies to this section.
23 (c) The Franchise Tax Board may not provide any information
24 pursuant to this section until all of the following have occurred:
25 (1) An agreement has been executed between a city and the
26 Franchise Tax Board, that provides that an amount equal to all
27 first year costs necessary to furnish the city information pursuant
28 to this section shall be received by the Franchise Tax Board
29 before the Franchise Tax Board incurs any costs associated with

the activity permitted by this section. For purposes of this section, first year costs include costs associated with, but not limited to, the purchasing of equipment, the development of processes, and labor.

(2) An agreement has been executed between a city and the Franchise Tax Board, that provides that the annual costs incurred by the Franchise Tax Board, as a result of the activity permitted by this section, shall be reimbursed by the city to the board.

(3) Pursuant to the agreement described in paragraph (1), the Franchise Tax Board has received an amount equal to the first year costs.

(d) This section does not invalidate any other law. This section does not preclude any city or, city and county, from obtaining information about individual taxpayers, including those taxpayers exempt from this section, by any other means permitted by state or federal law.

~~SEC. 2. Section 19551.2 is added to the Revenue and Taxation Code, to read:~~

~~19551.2. (a) The Employment Development Department may permit the tax officials of any city to obtain tax information pursuant to subdivision (a) of Section 19551.~~

~~(b) The information furnished to tax officials of a city under this section shall be limited as follows:~~

~~(1) When requested pursuant to a written agreement, the taxing authority of a city may be granted tax information only with respect to taxpayers with an address as reflected on the Employment Development Department's records within the jurisdictional boundaries of the city who report employment tax to the Employment Development Department.~~

~~(2) The tax information that may be provided by the Employment Development Department to a city is limited to a taxpayer's name, address, social security or taxpayer identification number, business activity code, and the size of the taxpayer's employee base.~~

~~(3) Tax information provided to the taxing authority of a city may not be furnished to, or used by, any person other than an employee of that taxing authority.~~

~~(4) Section 19542 applies to this section.~~

~~(5) Section 19542.1 applies to this section.~~

~~(e) The Employment Development Department may not provide any information pursuant to this section until all of the following have occurred:~~

~~(1) An agreement has been executed between a city and the Employment Development Department providing that an amount equal to all first year costs necessary to furnish the city information pursuant to this section shall be received by the Employment Development Department before the department incurs any costs associated with the activity permitted by this section. For purposes of this section, first year costs include costs associated with, but not limited to, the purchasing of equipment, the development of processes, and labor.~~

~~(2) An agreement has been executed between a city and the Employment Development Department providing that the annual costs incurred by the Employment Development Department as a result of the activity permitted by this section shall be reimbursed by the city to the department.~~

~~(3) Pursuant to the agreement described in paragraph (1), the Employment Development Department has received an amount equal to the first year costs.~~

~~(d) This section does not invalidate any other law. This section does not preclude any city or, city and county, from obtaining information about individual taxpayers, including those taxpayers exempt from this section, by any other means permitted by state or federal law.~~

~~SEC. 3.~~

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.